

MEMORANDUM

To: EEU Service List

From: Judith C. Whitney, Deputy Clerk of the Board

Re: Forward Capacity Market Issues

Date: March 5, 2007

On December 14, 2006, the Public Service Board ("Board") issued an Order ruling that Efficiency Vermont, through Vermont Energy Investment Corporation ("VEIC"), should participate in the ISO-NE Forward Capacity Market ("FCM") Transition Period. The December 14 Order left two issues unresolved regarding Vermont's participation in the FCM.

First, the Board did not make a final determination regarding whether VEIC should participate in the FCM beyond the Transition Period. The Board is requesting comments as to whether VEIC is the appropriate entity to submit bids into the FCM for energy efficiency resources. Any comments on this issue should also address possible complications that could arise if participants in the FCM are required to incur obligations that extend beyond the contract term for the Efficiency Vermont Contractor.

Second, the December 14 Order provided a limited ruling regarding the allocation of funds received from the FCM Transition Period. The Board determined that the administrative costs of the Department of Public Service, Efficiency Vermont, and the City of Burlington Electric Department associated with FCM participation would be paid for through Transition Period funds. The Board now requests comments on the appropriate distribution of any excess funds.

Comments on these issues should be filed with the Board by March 23, 2007. Any reply comments should be filed by April 6, 2007.